

Message Text

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15
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C O N F I D E N T I A L WARSAW 8661

E.O. 11562: GDS

TAGS: ECON, PL

SUBJECT: GOP ENCOURAGES PRIVATE SERVICES IN REVISED 1976-80
PLAN

REF: WARSAW 8002, WARSAW 8658

1. SUMMARY. ONE OF THE MOST STRIKING DEPARTURES IN THE
REVISED 1976-80 PLAN IS THE MUCH GREATER EMPHASIS PLACED ON
EXPANDED PRIVATE ACTIVITY IN THE SERVICE SECTOR.
PRIVATE OPERATORS IN THE SERVICE SECTOR ARE TO BE
BROUGHT INTO THE SYSTEM OF SOCIAL INSURANCE, AND THE CEILING
FOR SERVICE INCOME EXEMPT FROM TAXATION WILL BE RAISED
SIGNIFICANTLY. THE GOVERNMENT HAS EMPHASIZED THAT THE STEPS
IT WILL UNDERTAKE TO IMPROVE THE OPERATING CLIMATE FOR
PRIVATE CRAFTSMEN WILL BE ENDURING ONES. END SUMMARY.

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2. VICE PREMIER PYKA, WHO HAS BEEN A LEADING SUPPORTER OF THE

DEVELOPMENT OF PRIVATE SERVICES IN THE ECONOMY, DWELT AT LENGTH ON THIS SUBJECT IN HIS ADDRESS TO THE SEJM ON DECEMBER 2. EMPHASIZING THE NEED TO IMPROVE THE SERVICE NETWORK AS ONE OF THE MOST IMPORTANT TASKS FACING THE LEADERSHIP, PYKA ANNOUNCED PLANS TO INCREASE THE SUPPLY OF SERVICES TO THE POPULATION BY 70 PERCENT IN 1976-80. THIS RATE OF GROWTH, HE NOTED, WOULD BE MUCH MORE RAPID THAN THE PLANNED INCREASE IN EITHER MONETARY INCOME OR INDUSTRIAL GROWTH.

3. PYKA'S SPEECH MADE IT CLEAR THAT THE REGIME IS COUNTING ON THE PRIVATE SECTOR TO ENABLE IT TO INCREASE RAPIDLY THE SUPPLY OF SERVICES. DESCRIBING THE GOVERNMENT'S PROGRAM AS A "NEW CONCEPTION OF TAXATION," PYKA PROMISED THAT PRIVATE BUSINESSMEN WOULD BE FREE TO OPERATE IN A MORE STABLE INSTITUTIONAL ENVIRONMENT. THE TAX-FREE LIMIT ON INCOME EARNED THROUGH THE PROVISION OF SERVICES IS TO BE RAISED FROM 12,000 ZLOTYS PER YEAR TO 72,000. TURNOVER TAXES ON PRIVATELY RUN BAKERIES, BUTCHER SHOPS, AND CONFECTIONERS WILL BE CUT AS WELL. FINALLY, FOR THE FIRST TIME, PRIVATE INDIVIDUALS IN THE SERVICE SECTOR AND THEIR FAMILIES WILL BE FULLY INCLUDED IN POLAND'S COMPREHENSIVE SOCIAL-WELFARE SYSTEM, WHICH INCLUDES GENEROUS MATERNITY BENEFITS AND HEALTH-CARE PROTECTION, AS WELL AS OLD-AGE AND DISABILITY PENSIONS.

4. PYKA STRESSED THAT THE GOVERNMENT WAS READY TO ASSIST PRIVATE OPERATORS TO A MUCH GREATER EXTENT IN THE PURCHASE OF EQUIPMENT, TOOLS, AND MATERIALS FOR THE EXPANSION OF VITAL SERVICES. HE PLEDGED BASIC CHANGES IN THE DISTRIBUTION OF MATERIALS AND SERVED NOTICE THAT LOCAL WOJEWODAS WOULD BE EXPECTED TO BEAR GREATER RESPONSIBILITY FOR THE COORDINATION OF SERVICES.

5. COMMENT. THE NEW GUIDELINES FOR PRIVATE SERVICES CORRESPOND CLOSELY TO COMMENTS MADE BY JERZY ROSTAFINSKI, THE CHIEF OF CABINET FOR VICE PREMIER PYKA, IN A CONVERSATION WITH AN EMBOFF IN EARLY NOVEMBER. IN THAT CONVERSATION, ROSTAFINSKI SAID THAT THE GOP WAS ALSO CONSIDERING PROPOSALS TO INCREASE

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THE SCOPE OF PRIVATE AGRICULTURE IN THE SOUTH AND SOUTHEAST SECTIONS OF POLAND. ALTHOUGH THERE HAS NOT YET BEEN AN AUTHORITATIVE SPEECH ON THE FUTURE OF PRIVATE AGRICULTURE, GIEREK'S SPEECH AT THE FIFTH PZPR PLENUM STRESSED THAT PROGRESSIVE PRIVATE FARMERS CAN ANTICIPATE A SECURE FUTURE IN SOCIALIST POLAND. GIVEN THE ACCURACY OF ROSTAFINSKI'S REMARKS ON THE SERVICE SECTOR, WE THINK THE CHANCES ARE GOOD THAT THE

GOVERNMENT MAY PERMIT A SIGNIFICANT INCREASE IN THE
MAXIMUM AMOUNT OF LAND WHICH CAN BE OWNED BY INDIVIDUALS. END COMMENT.
DAVIES

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